

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2004-71-E - ORDER NO. 2004-599
DECEMBER 8, 2004

IN RE: Petition of Progress Energy Carolinas, Inc. to) ORDER
Adopt New Depreciation Expense Rates)
Effective January 1, 2004.)
)

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition of Progress Energy Carolinas, Inc. (PEC or the Company) for an accounting order allowing it to adopt revised nuclear depreciation expense rates effective January 1, 1004.

PEC states that a significant factor in the depreciation rates PEC filed March 9, 2004 (which were approved by Order No. 2004-523) was the anticipated extension of the Robinson Unit No. 2 nuclear operating license which would extend the allowed operational life of the plant by twenty (20) years. PEC indicates that it conservatively calculated its new depreciation rates for the Robinson Nuclear Plant based on a fifteen (15) year extended operating life. Since that time PEC has decided to: a) file with the Nuclear Regulatory Commission requests to extend the nuclear licenses of its two other nuclear plants, the Harris and Brunswick Nuclear Plants, by twenty (20) years; b) extend the depreciable lives of these plants by an additional twenty (20) years and adjust their depreciation rates accordingly on the basis that it is reasonably probable PEC's nuclear license extension requests will be granted; and c) revise the depreciable life of the

Robinson Nuclear Plant by the full twenty (20) years of the license life extension, rather than the fifteen (15) years used in PEC's March 9, 2004 filing, because it is reasonably probable that the plant will operate the entire period of the license extension. PEC requests the Commission issue an accounting order allowing it to implement the new nuclear depreciation expense rates contained in a study attached to its Petition effective January 1, 2004.

The Company states that the adoption and implementation of the new nuclear depreciation rates will not involve a change to any of PEC's rates or prices, or any Commission rule, regulation or policy. In addition, PEC notes that issuance of the accounting order does not prejudice any party's right to address this issue in a subsequent general rate case proceeding.

S.C. Code Ann. Section 58-27-870(F) (Supp. 2003) states that this Commission may put new rates into effect without notice and hearing upon Order when the rates do not result in any rate increase to the electrical utility. The depreciation rates requested by PEC in the present case fit into this category, therefore no notice and/or hearing is necessary under the law.

We have examined the Petition and the depreciation study provided by the Company and concluded that the relief requested in the Petition should be granted as filed. Accordingly, we issue the requested accounting order. The nuclear depreciation expense rates as proposed by PEC are hereby adopted effective January 1, 2004. However, we would note that this accounting order is not to be precedential to future rate setting Orders.

BY ORDER OF THE COMMISSION:

ATTEST:

(SEAL)